

**THULAMELA MUNICIPALITY**

**SUBMITTED  
ANNUAL FINANCIAL STATEMENT**

**30 JUNE 2011**

# Annual Financial Statements

for

## THULAMELA MUNICIPALITY

for the year ended 30 JUNE 2011

Province:

Limpopo

Contact Information:	
<b>Name of Municipal Manager:</b>	MATHIVHA MH
<b>Name of Chief Financial Officer:</b>	MADZHIE MA
Contact telephone number:	015 962 7515
Contact e-mail address:	<a href="mailto:madzhiema@thulamela.gov.za">madzhiema@thulamela.gov.za</a>
<b>treasury:</b>	MR TSHIVULE M
Contact telephone number:	
Contact e-mail address:	
<b>Name of relevant Auditor:</b>	OFFICE OF THE AUDITOR GENERAL
Contact telephone number:	
Contact e-mail address:	
<b>Treasury:</b>	Thomas Matjeni
Contact telephone number:	<a href="mailto:thomas.matjeni@treasury.gov.za">thomas.matjeni@treasury.gov.za</a>
Contact e-mail address:	012 315 5792

**THULAMELA MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**2011**

**General information**

**MEMBERS OF COUNCIL**

	<b>NAME</b>		<b>NAME</b>
Mayor	MAHOSI NDIVHUHO GRACE	Member	TSHISHONGE DOVHANI EDNA
Speaker	MALULEKE SHADRACK GEZANI	Member	MADONDO MARTHA LITSHANI
Chief whip	FUNGHENI MAVUYISI CLAUDINE	Member	LIGEGE VHENGANI PHOPHI
Exco Member	NETSHIFHEFHE MATODZI	Member	NEMARANZHE KHUMELENI
Exco Member	MAHOLWANA KUTALA EMELINE	Member	MANDIWANA NTAKADZENI ESTHER
Exco Member	LIGARABA LIVHUWANI ETHEL	Member	MULAUDZI KHATHUTSHELO ERNEST
Exco Member	MULOVHEDZI HUMBULANI PATRICIA	Member	MAMUSHIANA THIVHONALI DAVID
Exco Member	TSHIFHANGO AVHASHONI STEPHEN	Member	CHAVANI PHAHLELA JOE
Exco Member	CHABANGU MOHLABA EDWARD	Member	THANYANI RENDANI DENNIS
Exco Member	MALINDI THIVHILAHELI OBRIEN	Member	MTILENI TSAKANI VIRGINIA
Exco Member	MADZUNYA EDZISANI	Member	TSHIVHASE NDIFELANI LAWRENCE RODGERS
Member	CHAUKE MKHACANI AARONE	Member	BILA TINTSWALO JOYCE
Member	RAMATAMBA KHOMBO ANGELINA	Member	RAMAANO LUVHENGU PHILLEMOM
Member	MATHAMBO RUDZANI	Member	RAMAGOMA RAMAABELE
Member	MALADA PHINEAS TSHIMANGADZO	Member	DENGE LUTANYANI ARNOLD
Member	MUEDI ESTHER TSHIFHUMULO	Member	RESENGA TSHAMI ESTHER
Member	GUNDULA THIVHULANI JEFFREY	Member	RAMUGUMO RUDZANISKINJAR
Member	MABASA JOSEPH	Member	MARUTHA MUTSHINYANI DORAH
Member	MALULEKE ROSINA LANGANI	Member	MPHAPHULI KONANANI CONSTANCE
Member	MOYO MKHACANI THOMAS	Member	MAGADA THIFULUFHELWI SAMUEL
Member	BALOYI MAFEMANI ERICK	Member	BULALA HUMBULANI PATRICIA
Member	BALOYI LAZAROUS NDZUNISANI	Member	HLONGWANE SOLANI GRACE
Member	TWALA AMELIA ZONDI	Member	KWINDA SHONISANI CECILIA
Member	MAHLAULE MAFEMANI	Member	MAVIKANE SIMON XIHLAMARISO
Member	MATHEBULA TINYIKO SIMON	Member	PHALANNDWA NOMPIE REINET
Member	MABASA CONSTANCE RIRHANDZU	Member	MULAUDZI NDIDZULAFHI SALPHINAH
Member	MBEDZI SELINA THINAWANGA	Member	MUNDALAMO MASHUDU
Member	MUTHEIWANA FULUFHELO ASNATH	Member	SAMBO TSAKANI MARIA
Member	THARAGA MAANO DONALD	Member	MAMMBA M.E
Member	RAMANALA VHENGANI MARIA	Member	TSHIVHASE AVHAFUNANI EDWARD
Member	TSHIFHANGO REMBULUWANI ALSON	Member	NNGODISENI NTAMBUDZENI SUZAN
Member	NETHONZHE RUDZANI THOMAS	Member	SIGIDANE NNDWAKHULU DANIEL
Member	MULAUDZI MATODZI MAVIS	Member	TSHIKOVHI ANN ANNIKI
Member	MUSISINYANE NDITSHENI SAMUEL	Member	NENGOVHELA HUMBULANI EMMANUEL

**MEMBERS OF COUNCIL  
CONTINUE.....**

Member THIFULUFHELWI AZWITAKADZI  
LISBET  
Member MADUSE LIVHUWANI SALTHIEL  
Member MAVHUNGA NALEDZANI JOSEPH  
Member MUNYAI MASHUDU EVANS  
Member DAVHANA AZWIFANELI JOYCE  
Member RAMMELA MULALO SYLVIA

Member MUKHANINGA MUDZUNGA RICHARD  
Member MUNERI TSHILOLO  
Member RAMABULANA NTSHAVHENI DAVID  
Member RAMULIFHO HUMBULANI BALDWIN

**Municipal Manager**

Mathivha MH

**Chief Financial Officer**

Madzhie Mavis Azwianewi

**Grading of Local Authority**

Grade 4

**Auditors**

Auditor-General

**Bankers**

First National Bank

**THULAMELA MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**

30-Jun-11

**General information (continued)**

**Registered Office:** THULAMELA MUNICIPALITY

**Physical address:**  
Old Agrieven building  
Thohoyandou  
0950

**Postal address:**  
**Private bag X5066**  
Thohoyandou  
0950

**Telephone number:** 015 962 7500

**Fax number:** 015 962 4020

**E-mail address:** [mathivhamh@thulamela.gov.za](mailto:mathivhamh@thulamela.gov.za)



**THULAMELA MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
2011

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance & Traditional Affairs.

---

Municipal Manager:

*DATE*

**INDEX**

STATEMENT OF FINANCIAL POSITION
STATEMENT OF FINANCIAL PERFORMANCE
CHANGES IN NET ASSETS
CASHFLOW STATEMENT
NOTES
* Note 1 - ACCOUNTING POLICY
* Note 2 - CONSUMER DEPOSITS
* Note 3 - PROVISIONS
* Note 4 - TRADE AND OTHER PAYABLES
* Note 5 - Unspent conditional grants
* Note 6 - CONDITIONAL GRANTS FROM GOVERNMENT
* Note 7 - INTANGIBLE ASSETS
* Note 8 - NON CURRENT RECEIVABLES
* Note 9 - INVENTORY
* Note 10 - CONSUMER DEBTORS
* Note 11 - OTHER RECEIVABLES
* Note 12 - CASH AND CASH EQUIVALENTS
* Note 13 - PROPERTY RATES
* Note 14 - SERVICE CHARGES
* Note 15 - GOVERNMENT SUBSIDIES & GRANTS
* Note 16 - INVESTMENT REVENUE
* Note 17 - INTEREST OUTSTANDING DEBTORS
* Note 18 - OTHER REVENUE
* Note 19 - EMPLOYEE RELATED COSTS
* Note 20 - REMUNERATION OF COUNCILLORS
* Note 21 - FINANCE COST
* Note 22 - BULK PURCHASES
* Note 23 - GENERAL EXPENSES
* Note 24 - CASH GENERATED FROM/(UTILISED IN) OPERATIONS
* Note 25 - ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003.
* Note 26 - DISCLOSURE CONCERNING COUNCILLORS
* Note 27 - CERTIFICATION AND APPROVAL BY THE ACCOUNTING OFFICER
* Note 28 - RETIREMENT BENEFIT INFORMATION
* Note 29 - FINANCE LEASE LIABILITY
* Note 30 - PROPERTY, PLANT AND EQUIPMENT
* Note 31 - RENTAL OF FACILITIES AND EQUIPMENTS
* Note 32 - CONTRACTED SERVICES
* Note 33 - DEPRECIATION AND AMORTISATION EXPENSE
* Note 34 - CORRECTION OF ERROR
* Note 35 - COMMITMENTS
* Note 36 - RISK MANAGEMENT



## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (NOTE 1)**

### **1 BASIS OF ACCOUNTING**

#### **1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

#### **1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### **1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

#### **1.4 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### **1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the

GRAP 20 Related party disclosure  
GRAP 18 Segment Reporting - issued March 2005  
GRAP 25 Employee benefit  
GRAP 104 Financial Instruments  
GRAP 105 Transfer of functions between entities under common control  
GRAP 106 Transfer of functions between entities not under common control  
GRAP 107 Mergers

### **2 PROPERTY, PLANT AND EQUIPMENT**

#### **2.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### **SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)**

#### **2.2**

Subsequent to initial recognition, land and buildings are carried at a revalued in terms of valuation roll and building are held at costs amount.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

### 2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

### 2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset useful lives:

<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	10	Buildings	30
Pedestrian Malls	10	Specialist vehicles	10
Electricity	20	Other vehicles	7
Water	20	Office equipment	9
Sewerage	20	Furniture and fittings	7
		Kitchen equipment	6
		IT equipment	8
		Office furniture	7 to 10
<b>Community</b>		Bins and containers	5
Buildings	8	Specialised plant and equipment	5
Recreational Facilities		Other items of plant and equipment	7
	8	Landfill sites	5
Security	8	Quarries	5
Halls	8	Emergency equipment	5
Libraries	8	Computer equipment	5
Parks and gardens	8	Machinery	9
Other assets	8		
<b>Finance lease assets</b>			
Office equipment	5		
Other assets	5		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

### 2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 3 INTANGIBLE ASSETS

### 3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

### 3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

### **3.3 AMORTISATION AND IMPAIRMENT**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

5

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

### **3.4 DERECOGNITION**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **4 INVENTORIES**

### **4.1 INITIAL RECOGNITION**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### **4.2 SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

## **5 FINANCIAL INSTRUMENTS**

### **5.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

### **5.2 SUBSEQUENT MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

#### **5.2.1 INVESTMENTS**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

#### **5.2.2 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired and general payment profile of debtors. Impairments are determined based on the collectable rate. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

### **5.2.3 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

### **5.2.4 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at

## **6 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **7 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **8 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **9 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

## **10 LEASES**

### **10.1 MUNICIPALITY AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

### **10.2 MUNICIPALITY AS LESSOR**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## **11 REVENUE**

### **11.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Revenue from the sale of water prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental/hiring of facilities and equipment is recognised as revenue once the booking and payment has been made.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

### **11.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

### 11.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

## 12 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in

## 13 RETIREMENT BENEFITS

The municipality contributes to retirement benefits schemes for its continued employees and councillors. The contributions to these schemes are recognised as an expense on the statement of financial performance.

The contribution made by municipality, are defined contribution benefits. The municipality does not have any payment obligation to any employee or councillor after retirement.

## 14 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by *[the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs OR surveys of work done OR completion of a physical proportion of the contract work]*.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the

contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## 15

### IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.



FINANCIAL STATEMENTS: THULAMELA MUNICIPALITY

**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended  
**30 JUNE 2011**

**2011**

**2010**

**REVENUE**

	<b>Note</b>		
Property rates	13	15 630 961	6 581 874
Service charges	14	32 661 488	31 114 607
Rental of facilities and equipment	31	344 840	373 364
Interest earned – external	16	5 071 383	2 969 165
Interest earned – outstanding debtors	17	7 741 436	11 364 384
Fines		3 557 665	1 586 705
Licenses and permits		10 554 808	9 504 938
Government grants and subsidies receive	15	264 569 035	268 555 182
Other revenue	18	21 383 407	25 025 361
<b>Total Revenue</b>		<b>361 515 023</b>	<b>357 075 578</b>

**EXPENDITURE**

Employee related costs	19	104 263 862	78 232 975
Remuneration of councillors	20	16 851 068	15 852 064
Provision for bad debts		50 393 042	53 666 431
Collection costs		3 738 221	3 001 748
Depreciation	33	44 164 813	19 731 968
Repairs and maintenance		34 138 397	9 899 692
Finance cost	21	418 165	528 567
Bulk purchases	22	-	-
Contracted services	32	304 212	749 612
General expenses	23	76 894 243	96 108 707
<b>Total Expenditure</b>		<b>331 166 022</b>	<b>277 771 763</b>

<b>Inventory write down/assets writtenoff</b>	<b>(8 295 651)</b>	<b>(281 664)</b>
---	--------------------	------------------

<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>22 053 350</b>	<b>79 022 151</b>
---	-------------------	-------------------

**STATEMENT OF FINANCIAL POSITION****as at  
30-Jun-11****Assets****Current assets**

		<b>144 391 876</b>	<b>193 077 746</b>
Inventory	9	19 997 694	33 636 645
Consumer debtors	10	8 277 245	9 834 767
Other receivables	11	33 141 126	96 891 504
Current portion of long-term receivables	8	2 399 025	1 904 339
Cash and cash equivalents	12	80 576 787	50 810 490

**Non-current assets**

		<b>810 425 288</b>	<b>749 465 104</b>
Intangible assets	7	2 732 054	1 541 228
Property, plant & equipment	30	806 372 149	721 614 327
Non-current receivables	8	1 321 085	26 309 549

**Total Assets****954 817 165****942 542 849****Current liabilities**

		<b>52 874 959</b>	<b>72 257 790</b>
Consumer deposits	2	8 115	555 914
Provisions	3	2 876 355	1 527 890
Current portion finance lease liability	29	882 196	1 946 754
Trade and other payables from	4	38 283 126	58 475 981
Unspent conditional grants and receipts	5	837 391	2 069 823
Bank Overdraft	12	9 987 775	7 681 429

**Non current liabilities**

		<b>10 044 071</b>	<b>440 275</b>
Non current Finance Lease liability	29	1 476 646	440 275
Non current provision		8 567 426	

**Total Liabilities****62 919 030****72 698 065****Net Assets****891 898 134****869 844 785****Net Assets**

Revaluation reserve			-
Accumulated surplus/(deficit)		891 898 135	869 844 784
<b>Total net Assets</b>		<b>891 898 135</b>	<b>869 844 784</b>

**CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011</b>	<b>2010</b> <b>R</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts	429 677 069	397 438 167
Cash receipts from taxes, levies and fines	19 188 626	8 168 578
Service charges	97 969 388	33 141 273
Grants	266 875 382	305 908 409
Interest received	12 812 819	14 333 548
Other receipts	32 830 854	35 886 358
Payments	(340 734 063)	(252 040 973)
Employee costs	(131 030 821)	(121 208 462)
Finance cost	(418 165)	(528 567)
Suppliers	(209 285 077)	(130 303 944)
<b>Net cash flows from operating activities</b>	<b>88 943 007</b>	<b>145 397 194</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(84 757 822)	(66 910 436)
Purchase of intangible assets	(1 190 826)	(1 415 000)
<b>Net cash flows from investing activities</b>	<b>(85 948 648)</b>	<b>(68 325 436)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease/(increase) in long term receivables	24 493 777	(27 996 039)
Payment of finance lease liability	(28 187)	1 734 772
<b>Net cash flows from financing activities</b>	<b>24 465 590</b>	<b>(26 261 267)</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>	<b>27 459 949</b>	<b>50 810 491</b>
<b>Net cash and cash equivalents at beginning of period</b>	<b>43 129 062</b>	<b>(7 681 429)</b>
<b>Net cash and cash equivalents at end of period</b>	<b>70 589 011</b>	<b>43 129 062</b>

THULAMELA LOCAL MUNICIPALITY  
**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended 30 JUNE 2011

		Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
<b>2010</b>			R	R
<b>Opening balance</b>			617 292 729	<b>617 292 729</b>
Changes in accounting policy			-	-
Correction of error			-	-
<b>Restated balance</b>			<b>617 292 729</b>	<b>617 292 729</b>
Net surplus for the year			79 022 151	79 022 151
Appropriation			-	-
Revaluation reserve			-	-
<b>Balance at 30 June 2009</b>		-	<b>696 314 880</b>	<b>696 314 880</b>
<b>2010</b>				
Correction of error			(1 566 159 665)	(1 566 159 665)
Changes in accounting estimate			-	-
<b>Restated balance</b>		-	<b>(869 844 784)</b>	<b>(869 844 784)</b>
Net surplus for the year			(22 053 350)	(22 053 350)
Appropriation			-	-
Revaluation reserve			-	-
<i>Other items</i>			-	-
Net gains and losses not recognised in the statement of financial performance			-	-
Transfers to / from accumulated surplus/(deficit)			-	-
<b>Balance at 30 JUNE 2011</b>		-	<b>(891 898 135)</b>	<b>(891 898 135)</b>

	2011	2010
<b>2. CONSUMER DEPOSITS</b>		
Water	8 115	555 914
<b>Total consumer deposits</b>	<b>8 115</b>	<b>555 914</b>
No interest is paid on deposits.		
<b>3. PROVISIONS</b>		
<b>Current provisions</b>		
Provision for performance bonus	651 673	(0)
Provision for bonus	2 224 682	1 527 891
	<b>2 876 355</b>	<b>1 527 890</b>
	<b>Provision for bonus</b>	<b>Provision for bonus</b>
Balance at beginning of year	2 397 493	2 147 622
Contribution to provision	478 862	249 871
<b>Total provisions</b>	<b>2 876 355</b>	<b>2 397 493</b>
Performance bonuses are paid one year in arrears. The assessment of eligible employees had not taken place at the reporting date. The provision is an estimate of the amount according to the performance agreements at the reporting date.		
Long term provision		
Provision for long term leave	1 624 985	
Provision for long service award	6 942 440	
	<b>8 567 426</b>	<b>-</b>
The movement in current provisions are reconciled as follows: -		
	<b>Provision for bonus</b>	<b>Provision for bonus</b>
Balance at beginning of year	-	-
Contribution to provision	-	-
<b>Total provisions</b>	<b>8 567 426</b>	<b>-</b>
Performance bonuses are paid one year in arrears. The assessment of eligible employees had not taken place at the reporting date. The provision is an estimate of the amount according to the performance agreements at the reporting date.		
<b>4. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Creditors	655 754	8 592 738
Sundry Creditors	7 112	7 112
Accruals	7 167 862	8 592 738
Vat	-	-
Retention Creditors	9 224 392	9 226 986
Income received in at advance	13 413 686	17 011 868
Staff leave accrual	4 737 579	12 079 113
Stale Cheques	1 275 429	1 279 609
Unidentified deposits	1 801 310	1 685 816
<b>Total creditors</b>	<b>38 283 126</b>	<b>58 475 981</b>
<b>5 UNSPENT CONDITIONAL GRANTS</b>		
Unspend Grants - MIG	445	-
Unspend Grants -NDPG	52 946	-
Unspent Grants- EPWP	784 000	-
Unspent Grants- Electricity		1 985 426
Unspent Grant - MSIG		84 397
<b>Total Unspend Grants</b>	<b>837 391</b>	<b>2 069 823</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 6 CONDITIONAL GRANTS FROM

### GOVERNMENT

Finance management grant	1 000 000	733 018
Municipal systems improvement grant	834 397	650 603
Umsobomvu youth fund	-	43 365
Grant(VDM)	-	39 460 007
Sports Grant	-	728 225
Municipal infrastructure grant	38 802 460	45 240 834
Electricity grant	1 985 426	45 630 244
Neighbourhood Development grant	19 932 179	7 014 866
Grant interns Theta	-	346 600
<b>Total conditional grants and receipts</b>	<b>62 554 462</b>	<b>139 847 762</b>

See note 20 for reconciliation of grants.

**7 INTANGIBLE ASSETS**

	<b>2011</b>	<b>2010</b>
<b>Reconciliation of carrying value</b>	<b>Total</b>	<b>Total</b>
	<b>R</b>	<b>R</b>
<b>Carrying values at 1 July 2010</b>		
Cost	3 634 406	2 219 406
Accumulated depreciation – cost	(2 093 178)	(2 060 006)
Acquisitions	-	1 415 000
Amortisation	-	(33 172)
<b>Carrying values at 31 June 2011</b>	<b>2 732 054</b>	<b>1 541 228</b>
Cost	3 634 406	3 634 406
Accumulated depreciation – cost	902 353	(2 093 178)
<b>Carrying values at 1 July 2009</b>	<b>159 400</b>	<b>-</b>
Cost	2 219 406	2 060 006
Accumulated depreciation – cost	(2 060 006)	(2 060 006)
<b>Carrying values at 30 June 2010</b>	<b>1 541 228</b>	<b>159 400</b>
Cost	3 634 406	2 219 406
Accumulated depreciation – cost	(2 093 178)	(2 060 006)

**8 NON CURRENT RECEIVABLES**

Debtors agreements	3 720 110	3 356 832
<b>Sub-total</b>	<b>3 720 110</b>	<b>3 356 832</b>
Less: Short-Term portion transferred to current assets		
	<b>2 399 025</b>	<b>1 904 339</b>
<b>TOTAL</b>	<b>1 321 085</b>	<b>1 452 493</b>

**9 INVENTORY**

Inventory	19 997 694	33 636 645
<b>Total</b>	<b>19 997 694</b>	<b>33 636 645</b>
<b>Opening balance of inventories:</b>	<b>33 636 645</b>	<b>44 957 566</b>
Consumable stores - at cost	1 194 133	1 100 190
Unsold sites	32 442 513	43 857 376
<b>Additions:</b>	<b>2 003 277</b>	<b>2 358 124</b>
Consumable stores	2 003 277	2 358 124
Unsold sites	-	-
<b>Issued/ (Sold):</b>	<b>(15 642 229)</b>	<b>(13 679 045)</b>
Consumable stores	(2 484 123)	(2 264 182)
Sites sold	(13 158 105)	(11 414 863)
<b>Closing balance of inventories:</b>	<b>19 997 694</b>	<b>33 636 645</b>
Consumable stores	713 286	1 194 133
Unsold sites	19 284 407	32 442 513

NOTES TO THE FINANCIAL STATEMENTS

10. CONSUMER DEBTORS		
Service debtors	279 607 418	236 750 326
Provision for bad debt	271 330 173	226 915 559
<b>Total Service Debtors</b>	<b>8 277 245</b>	<b>9 834 767</b>



	2011	2010
<b>11. OTHER RECEIVABLES</b>		
Salaries:Debtor	1 404 223	1 404 795
Vat	17 045 334	29 256 018
VDM Debtor	14 634 944	63 760 683
RD cheques	56 625	1 322 597
Other Debtors	(0)	1 147 411
<b>Total Other Debtors</b>	<b>33 141 126</b>	<b>96 891 504</b>
<b>12. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of the following:		
Cash at bank	(9 987 775)	(7 681 429)
Call deposits	80 576 787	50 810 490
	<b>70 589 011</b>	<b>43 129 062</b>
The Municipality has the following bank accounts: -		
<b><u>Current Account (Primary Bank Account)</u></b>		
FNB Bank Limited - Thohoyandou Branch - 54660078973		
Cash book balance at beginning of year	(8 047 338)	(8 809 413)
Cash book balance at end of year	(9 987 775)	(8 047 338)
Bank statement balance at beginning of year	6 348 544	(8 854 169)
Bank statement balance at end of year	20 949 189	6 348 544
<b><u>Current Account (PHP Account)</u></b>		
FNB Bank Limited - Thohoyandou Branch - 62116107401		
Cash book balance at beginning of year	91 467	594 866
Cash book balance at end of year	-	91 467
Bank statement balance at beginning of year	91 468	628 866
Bank statement balance at end of year	-	91 468
<b><u>Call Account</u></b>		
FNB Bank Limited - Thohoyandou Branch - 62090588016		
Cash book balance at beginning of year	4 537 232	1 000
Cash book balance at end of year	36 290 603	4 537 232
Bank statement balance at beginning of year	4 537 232	1 000
Bank statement balance at end of year	36 290 603	4 537 232
FNB Bank Limited - Thohoyandou Branch - 62090588793		
Cash book balance at beginning of year	46 273 258	450 000
Cash book balance at end of year	44 286 184	46 273 258
Bank statement balance at beginning of year	46 273 258	450 000
Bank statement balance at end of year	44 286 184	46 273 258

**13 PROPERTY RATES****REVENUE****Actuals**

Assessment rates

**Valuations**Residential  
Commercial  
State  
Municipal**2011****2010**

15 630 961

**15 630 961**

6 581 874

**6 581 874**

1 732 617 000

991 280 600

984 824 500

333 859 555

**4 042 581 655**

1 732 617 000

991 280 600

731 542 000

333 859 555

**3 789 299 155**

Valuation on Land and Buildings are performed every four years. The last valuation came into effect on 1 July 2007. Supplementary valuations are performed annually if necessary to take into account changes in individual property values due to alterations.

Municipal rate on the tariff listing is applied to property valuations to determine assessment rates. Rates are levied on annual basis on property owners

**14 SERVICE CHARGES**Sale of water  
General Services  
Refuse removal  
Sewerage and sanitation charges  
**Total service charges**

0

32 532 002

99 155

30 331

**32 661 488**

0

30 128 524

952 117

33 966

**31 114 607****15 GOVERNMENT SUBSIDIES & GRANTS****Operating Grants**Equitable share  
Umsobomvu youth fund  
Finance management grant (FMG)  
Local government capacity building grant  
Grant(VDM)  
Grant interns Theta**203 848 970**

202 014 573

-

1 000 000

834 397

-

-

**169 941 013**

165 836 238

43 365

733 018

650 603

2 331 189

346 600

**Capital Grants**Neighbourhood Development grant  
Sports Grant  
Municipal infrastructural grant (MIG)  
Electricity grant**60 720 065**

19 932 179

-

38 802 460

1 985 426

**98 614 169**

7 014 866

728 225

45 240 834

45 630 244

**Total Government Grants & Subsidies****264 569 035****268 555 182**

**Equitable Share**

This grant is an unconditionally grant and is partially utilized for the provision of indigent support through free basic services. Registered indigents receive a rebate of R840

**Usobombvu Youth Fund**

Current year receipts	-	43 365
Conditions met – transferred to revenue	-	(43 365)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>(0)</b>

(see note 8)

This grant was for the empowerment of youth through job creation and training. Other than the unspent amount the conditions of this grant have been met.

**Finance Management Grant**

Balance unspent at beginning of year	-	(16 982)
Current year receipts	1 000 000	750 000
Conditions met – transferred to revenue	(1 000 000)	(733 018)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>

(see note 8)

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

**THETHA GRANT**

Balance unspent at beginning of year	-	346 600
Current year receipts	-	-
Conditions met – transferred to revenue	-	(346 600)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>

(see note 8)

This grant was used to empower graduates on the internship programme and training of interns. Other than the unspent amount, the conditions of the grant were met.

**Municipal Systems Improvement Grant**

Balance unspent at beginning of year	84 397	-
Current year receipts	750 000	735 000
Conditions met – transferred to revenue	(834 397)	(650 603)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>84 397</b>

(see note 8)

This grant was used to build in-house capacity to perform their functions and stabilize institutional and governance systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

**Municipal Infrastructure Grant (MIG)**

Balance unspent at beginning of year	(208 095)	(3 474 261)
Current year receipts	39 011 000	48 507 000
Conditions met – transferred to revenue	(38 802 460)	(45 240 834)
<b>Unspent amount transferred to liabilities</b>	<b>445</b>	<b>(208 095)</b>

(see note 8)

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor households. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

**Integrated National Electrification Grant (INEP)**

Balance unspent at beginning of year	1 985 426	-
Current year receipts	-	47 230 000
Conditions met – transferred to revenue	(1 985 426)	(45 244 574)
<b>Unspent amount transferred to liabilities</b>	<b>(0)</b>	<b>1 985 426</b>

(see note 8)

This grant was used to address the electrification backlog of permanently occupied residential dwellings. The conditions of the grant were met.

**VDM :Electricity Grant**

Balance unspent at beginning of year	0	385 670
Current year receipts	-	-
Conditions met – transferred to revenue	-	(385 670)
<b>Unspent amount transferred to liabilities</b>	<b>0</b>	<b>0</b>

(see note 8)

This grant was used to address the electrification backlog of permanently occupied residential dwellings. The conditions of the grant were met.

**VDM : Sport Grant**

Balance unspent at beginning of year	-	728 225
Current year receipts	-	-
Conditions met – transferred to revenue	-	(728 225)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>

(see note 8)

This grant was used for the upgrading of stadium. Other than the unspent amount the conditions of the grant were met.

**National Development Partnership Grant**

Balance unspent at beginning of year	(14 886)	-
Current year receipts	19 999 991	-
Conditions met – transferred to revenue	(19 932 179)	-
<b>Unspent amount transferred to liabilities</b>	<b>52 926</b>	<b>-</b>

**EPW Grant**

Balance unspent at beginning of year	-	-
Current year receipts	784 000	-
Conditions met – transferred to revenue	-	-
<b>Unspent amount transferred to liabilities</b>	<b>784 000</b>	<b>-</b>

**VDM- Saselemane Ring Road**

Balance unspent at beginning of year	-	-
Current year receipts	2 000 000	-
Conditions met – transferred to revenue	(2 000 000)	-
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>

<b>16 INTEREST REVENUE</b>	<b>5 071 383</b>	<b>2 969 165</b>
Bank	572 576	342 674
Call Accounts	4 266 347	2 626 490
External investments	232 460	-
<b>17 INTEREST OUTSTANDING DEBTORS</b>	<b>7 741 436</b>	<b>11 364 384</b>
Sundry debtors		
Services:	7 741 436	11 364 384
Services	7 741 436	11 364 384
<b>Total interest earned</b>	<b>12 812 819</b>	<b>11 364 384</b>
<b>18 OTHER REVENUE</b>		
Building plan fees	184 092	201 291
Connection fees		548 872
Refund skills development	296 758	360 923
Sundry income	9 062 367	7 282 385
Sale of erven	11 840 190	15 021 812
Creditors written off	-	18 798
<b>Total</b>	<b>21 383 407</b>	<b>23 434 080</b>
<b>19 EMPLOYEE RELATED COSTS</b>		
Salaries and wages	88 891 132	60 277 630
Salaries	63 331 795	37 278 510
Overtime	2 470 822	1 880 970
Leave bonus	5 673 908	6 483 151
Standby		476
Uniforms	885 461	29 244
Industrial Council Levies	22 693	21 176
Travelling allowances	6 338 427	6 259 091
Council Contr/WCA	2 929 421	-
Skill Development Levy	847 529	780 283
Casual labour	3 539 685	5 143 363
Capital Remuneration	-	234 050
Maintenance Allowance	-	82 308
Acting Allowance	283 208	-
Long service	2 568 183	2 085 009
Social contributions:	15 372 730	17 955 345
Pension deductions	13 241 935	14 046 304
Medical aid funds	1 387 241	1 120 911
Housing subsidy	195 752	2 247 934
Unemployment Insurance Fund	547 802	540 196
Less: employee cost capitalized		
Less: employee cost to operating		
<b>Total employee related cost</b>	<b>104 263 862</b>	<b>78 232 975</b>
<b>Remuneration of Managers</b>	<b>961 158</b>	<b>860 212</b>
Municipal Manager		
Annual remuneration	579 337	546 083
Allowances	208 288	169 384
Council Contributions(UIF, medical and pension funds)	129 001	105 403
Bonus	44 532	39 341
Chief Financial Officer	<b>872 009</b>	<b>733 059</b>
Annual remuneration	521 399	450 410
Allowances	169 586	152 228
Council Contributions(UIF, medical and pension funds)	134 686	95 014
Bonus	46 337	35 406
Senior Manager: Technical services	<b>879 632</b>	<b>710 138</b>
Annual remuneration	521 399	440 929
Allowances	201 899	138 788
Council Contributions	116 254	95 014
Bonus	40 079	35 406
Senior Manager: Corporate services	<b>864 969</b>	<b>755 213</b>
Annual remuneration	521 399	472 564
Allowances	187 237	152 228
Council Contributions(UIF, medical and pension funds)	116 254	95 014
Bonus	40 079	35 406
Senior Manager: Planning & Development	<b>871 228</b>	<b>723 106</b>
Annual remuneration	521 399	440 458
Allowances	187 237	152 228
Council Contributions(UIF, medical and pension funds)	116 254	95 014
Bonus	46 337	35 406
<b>Total</b>	<b>4 448 996</b>	<b>3 781 728</b>

Disclosure in terms of the MFMA, 2003,

Section 124(1)(c).

	2 011	2 010
<b>20 REMUNERATION OF COUNCILLORS</b>		
Mayor	378 113	364 332
Speaker	313 008	300 665
Chief Whip	293 725	281 873
Councillors	9 290 504	8 759 784
Pension fund	1 510 706	1 455 997
Medical aid	27 849	13 967
SDL	120 094	108 644
Travelling allowances	3 949 102	3 728 917
Cellphone allowances	889 167	837 884
<b>Total councillor's remuneration</b>	<b>16 772 267</b>	<b>15 852 064</b>
<p>The Mayor, Speaker, and the Chief Whip are full time. Each is provided with an office.</p> <p>The Mayor has use of a Council owned vehicle and driver for official duties.</p> <p>Disclosure in terms of the MFMA, 2003, Section 124(1)(a).</p>		
<b>21 FINANCE COST</b>		
Lease	361 961	98 214
Bank overdrafts	8 780	430 353
Other	47 425	-
<b>Total</b>	<b>418 165</b>	<b>528 567</b>
<b>22 BULK PURCHASES</b>		
Water	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**23 ADMINISTRATIVE EXPENSES**

Included in administrative expenses are the following:

Advertising	394 813	159 347
Arts And Culture	10 850	
Assets writeoff	2 672 084	
Audit Fees External	2 092 741	1 775 499
Bank Charges	571 071	693 405
Books And Publications	167 953	
Cellular Phone Expenses	505 338	700 844
Cleaning Material	1 199 955	1 128 442
Conference Expenditure	1 164 855	322 566
Cost of Sites Sold	4 939 136	11 414 863
disability development plan pr	38 596	
Dermacation of Sites		(7 220)
Disaster Relief	181 011	184 600
Education siahala	29 100	
Electricity - Department	3 914 434	2 683 436
Entertainment	54 858	29 407
Environmental Campaign	379 107	359 299
Fuel and Oil	4 553 990	2 865 945
Indigent Subsidy	7 434 002	9 898 162
Insurance Excess	39 475	66 855
Insurance General	993 626	380 874
Iron pegs	(300)	
Landfill	638 589	2 241 349
Legal Costs	3 589 266	3 828 500
Licence and Registration	62 314	(153 487)
Licence Application	867 430	492 187
Licences and Registration	33 033	259 039
Local Economic Development	276 188	-
Membership Fee	806 294	1 060 202
People's Housing Project		(92 721)
Project Management Unit	58 893	-
Postage and Stamps	228 131	173 395
Printing and Stationary	1 284 878	(21 410)
Professional Fees	3 769 560	832 130
Public Participation	968 378	442 020
Project Expenditure: Electricity	22 621 738	39 923 798
Publicity	312 929	137 133
PVA		1 491 228
Refreshment	33 900	21 386
Reflective uniform		3 167
Operating lease rental	60 126	316 453
RSC Levy	(33)	(137)
Service Discount		-
Rental of Equipment	1 077 366	522 879
Sports gala		(25 919)
Stadia Marker	17 457	
Stipend (Training Theta)		913 092
Subsistence and Travel	1 237 639	870 436
Survey Cost	(448)	3 650
PMU		118 031
Telephone Expenses	1 320 102	1 328 312
Technical Assistance	75 627	2 023 797
Towing	44 232	750
Township establishment	2 763 033	2 254 944
Traffic Uniform	210 258	1 180
Training	1 114 571	537 441
Valuation Cost		85 359
Water Connection Material	-	235 408
Water projects	-	3 539 687
Welfare Development Plan	24 750	
Women Development Plan	53 645	2 526
Youth Advisory Centre Pro		15 350
Youth Development Plan	12 800	
2010 PVC	1 908 772	
Youth, Hiv, Women and Disable	86 131	71 230
	<b>76 894 243</b>	<b>96 108 707</b>

	2010	2010
<b>24 Notes to the cash flow statement</b>		
<b>24.1 Cash &amp; cash equivalent</b>		
Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instrument. Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position		
Cash on hand and balances with banks	70 589 011	43 129 062
Short- term investments	-	-
	<b>70 589 011</b>	<b>43 129 062</b>
<b>24.2 Reconciliation of net cash flows from operating activities to surplus/(deficit) ( in thousand of rands)</b>		
Surplus/( Deficit)	22 053 350	79 022 151
<b>Non cash movements</b>		
Depreciation	44 164 813	19 698 795
Amortisation	-	33 172
Increase in provision for doubtful debts	(44 414 614)	42 799 304
(Decrease)/INCREASE in payables	(20 192 855)	(559 248)
Increase/ (Decrease) in consumer deposit	(547 799)	(372)
Increase/(Decrease) in provision relating to	9 046 287	249 871
Write off of property, plant, equipment	8 295 651	281 664
Increase/(Decrease) in unspent conditional	(1 232 431)	224 409
(Increase)/Decrease in LONG TERM RECEIVABLES	24 493 777	(6 739 906)
(Increase)/Decrease in receivables	65 307 900	(47 746 449)
(Increase)/Decrease in inventory	13 638 952	11 073 505
<b>Net cashflows from operating activities</b>	<b>120 613 031</b>	<b>98 336 896</b>



	2011	2010
<b>25 ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT 2003</b>		
<b>25.1 Contribution to SALGA</b>		
Council membership fees payable	1 533 831	962 720
Amount paid current year	(1 533 831)	(224 225)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>738 495</b>
<b>25.2 Audit Fees</b>		
Current year audit fee		
Amount paid current year	2 092 741	1 775 499
<b>Balance unpaid (included in creditors)</b>	<b>2 092 741</b>	<b>1 775 499</b>
<b>25.3 VAT</b>		
VAT	17 045 334	29 256 018
<b>Balance outstanding (to)/from SARS</b>	<b>17 045 334</b>	<b>28 634 087</b>
<p>VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. VAT input receivables and VAT output payable are shown in notes 16 and 8 respectively. All VAT returns have been submitted throughout the year.</p>		
<b>25.4 2010 FIFA WORLD CUP</b>		
Thulamela Municipality made provision for the Public Viewing Area(PVA) for the purpose of the 2010 FIFA world cup.		
<b>The total cost incurred for the year ended 30 June is:</b>	<b>1 908 772</b>	<b>1 700 000</b>

**26. Disclosure concerning councilors**

(continue)

Section 124(1)(b)  
For the year under review, no councillor was owing the municipality for rates and taxes for more than 90 days

**Total**

**Section 64(3)**  
**Outstanding consumer accounts**  
Government institutions

	Arrear	Current	Outstanding 30 JUNE 2011	Arrear	Current	Outstanding 30 June 2010
Other government institutions						
Department of Health	63 493	182 300	245 793	151 592	113 387	264 980
Department of Education & Schools	2 895 129	336 019	3 231 148	1 610 681	422 350	2 033 031
Department of Agriculture	135 452	4 724	140 176	300 451	3 398	303 849
Department of Water Affairs	10 925	692	11 618	685	-	685
Department of Public Works	213 788	104 547	318 335	398 040	51 765	449 805
<b>Total</b>	<b>3 318 788</b>	<b>628 281</b>	<b>3 947 069</b>	<b>2 461 449</b>	<b>590 900</b>	<b>3 052 349</b>

In terms of the section, National Treasury was informed of the arrear accounts of schools for periods of more than 30 days.

**27. CERTIFICATION AND APPROVAL BY THE ACCOUNTING OFFICER**

**CERTIFICATION AND APPROVAL  
BY THE ACCOUNTING OFFICER**

I, the undersigned, are responsible for the preparation of these annual financial statements which are set out on pages , in terms of section 126(1) of the Municipal Finance Management Act, and which I have signed on behalf of the municipality.

and,

Certify that the remuneration of councilors (as disclosed in note 24) is in accordance with the Public Office Bearers Act, Act 20 of 1998 and the Minister of Cooperative governance & traditional affairs's determination of the upper limits of the salaries, allowances and benefits as promulgated annually.

NOTES TO THE FINANCIAL STATEMENTS

**MUNICIPAL MANAGER**

**DATE**

**28. RETIREMENT BENEFIT INFORMATION**

**28.1** The following are the defined contribution plan:  
These contribution has been expensed.

Municipal Employees pension fund  
Municipal Councillors pension fund  
Government Employees pension fund  
Other  
Municipal Gratuity Fund  
Momentum Provident fund  
National Fund for Municipal Workers

**2011  
R**
**2010  
R**

5 759 120	4 477 561
1 510 706	1 446 780
3 435 190	3 172 129
7 781	-
2 172 030	686 143
6 790 803	5 315 361
599 692	373 888
<b>20 275 322</b>	<b>15 471 862</b>

**Total**
**29. FINANCE LEASE LIABILITY**
**2011**

Minimum lease payments	Future Charges	Finance	Present value of minimum lease payments
------------------------	----------------	---------	---

Amount payable under finance lease

Within one year

1 133 298.48

251 102.04

882 196.44

Within two to five years

1 737 330.14

260 684.44

1 476 645.70

**2 870 628.62**

**511 786.48**

**2 358 842**

Less: Current portion

882 196

**1 476 646**

**2010**

Minimum lease payments	Future Charges	Finance	Present value of minimum lease payments
------------------------	----------------	---------	---

Amount payable under finance lease

Within one year

2 046 850.58

627 623.45

1 419 227.13

Within two to five years

2 578 342.70

550 394.73

2 027 947.97

**4 625 193**

**1 178 018**

**1 860 105**

Less: Current portion

1 419 830

**440 275**

# NOTES TO THE FINANCIAL STATEMENTS

<b>31</b>	<b>RENTAL OF FACILITIES AND EQUIPMENT</b>		
	Rental of facilities	<u>344 840</u>	<u>373 364</u>
	<b>Total rentals</b>	<b><u>344 840</u></b>	<b><u>373 364</u></b>
<b>32</b>	<b>CONTRACTED SERVICES</b>		
	Contracted Services for:		
	Security services	<u>304 212</u>	<u>749 612</u>
		<b><u>304 212</u></b>	<b><u>749 612</u></b>
<b>33</b>	<b>DEPRECIATION AND AMORTISATION EXPENSE</b>		
	Property, plant and equipment	44 164 813	19 698 795
	Intangible assets	-	33 172
		<b><u>44 164 813</u></b>	<b><u>19 731 968</u></b>

**34 CORRECTION OF ERROR**

- 34.1** During the year ended 30 June 2011 it was discovered that one of the leased assets was taken back by the leasing company and the remaining balance was settled if full.

Assets	(183 375)
Creditors	132 432
Liability	1 588 896
Net effect on Statement of financial position	<u><u>1 537 953</u></u>

Finance cost	(132 432)
Depreciation	(36 675)
Assets disposal(proceeds)	(1 588 896)
Net effect on surplus or deficit for the year	<u><u>(1 758 003)</u></u>

Net effect on accumulated surplus opening	<u><u>(220 050)</u></u>
---	-------------------------

- 34.2** During the year ended 30 June 2011 it was discovered that a refund amounting to R156450.02 for 2010 financial year was not credited on legal fees and an amount of R2384.74 not credited on advertising . They were credited as a liability on unidentified deposits.

creditors	158 835
Net effect on Statement of financial position	<u><u>158 835</u></u>

Legal fees	(156 450)
Advertising	(2 385)

Net effect on surplus or deficit for the year	<u><u>(158 835)</u></u>
---	-------------------------

Net effect on accumulated surplus opening	<u><u>-</u></u>
---	-----------------

- 34.3** During the year ended 30 June 2011 it was discovered that an amount of R497433.12 was incorrectly debited to salary suspense in stead of casual labour for 2010 financial year. It was also discovered that expenditure to the value of R

1 291 545

creditors	
Net effect on to accumulated surplus	<u><u>1 291 545</u></u>

- 34.4** During the year ended 30 June 2011, it was discovered that the agreement between the municipality and VDM was valid. The impact on the AFS was as follows

Net effect on accumulated surplus opening	150 101 598.93
---	----------------

150 101 599

Net effect on accumulated surplus opening	<u><u>151 331 929</u></u>
---	---------------------------

**Total net effect on accumulated surplus opening balance**

**35 CAPITAL COMMITMENTS****35.1 Commitments in respect of capital expenditure:**

Approved and contracted	<b>164 578 008</b>	<b>45 016 316</b>
Community Assets	19 111 589	39 254 168
Infrastructure	137 946 182	5 762 148.28
Other	<b>7 520 237</b>	-

The expenditure will be financed from:

MIG	36 221 983	15 752 392
NDPG	92 776 790	6 582 751
Own	35 579 235	22 681 174
	<b>164 578 008</b>	<b>45 016 316</b>

**35.2 Operating leases**

Within one year	-	52 742
In second to fifth year inclusive	-	-
After five years	-	-
<b>Total</b>		<b>52 742</b>

Operating lease payments represent rentals payable by the Municipality for Printing and Photo copier machine.

**36 RISK MANAGEMENT****36.1 Maximum credit risk exposure**

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure

Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

	<b>2011</b>	<b>2010</b>
FNB - Current Account	(9 987 775)	(7 681 429)
FNB - Call Accounts	80 576 787	50 810 490
Long term debtors	3 720 110	3 356 832
Trade and other receivables	41 418 371	68 549 029
	<b>115 727 493</b>	<b>115 034 923</b>

These balances represent the maximum exposure to credit risk.

**36.2 Liquidity risk**

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>Not later than one month</b>	<b>Later than one month and not later than three months</b>
<b>2011</b>		
Gross finance lease obligations	73 548	82 198
Trade and other payables	29 058 734	
Other	3 721 861	2 783 993
	<b>32 854 143</b>	<b>2 866 192</b>
	<b>Later than three months and not later than one year</b>	<b>Later than one year and not later than five years</b>
<b>2011</b>		
Gross finance lease obligations	726 598	1 476 646
Trade and other payables	6 362 083	78 315
Other	<b>7 088 681</b>	<b>1 554 961</b>





# NOTES TO THE FINANCIAL STATEMENTS

	Not later than one month	Later than one month and not later than three months
<b>2010</b>		
Gross finance lease obligations	66 722	225 654
Trade and other payables	49 663 370	3 073 235.05
Other	4 153 627	-
	<b>53 883 719</b>	<b>3 298 889</b>
	Later than three months and not later than one year	Later than one year and not later than five years
<b>2010</b>		
Gross finance lease obligations	661 748	1 166 157
Trade and other payables	3 170 917	2 568 459
Other	-	-
	<b>3 832 665</b>	<b>3 734 616</b>

## 36.3 Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits	<b>80 576 787</b>	<b>50 810 490</b>
-----------------	-------------------	-------------------

**30. PROPERTY, PLANT & EQUIPMENT**

	Land	Buildings	Infrastructure	Community	Furniture	IT Equipment	Office Equipment	Machinery and Equipment	Motor vehicles	Finance Leases	Total
<b>Carrying values at 1 July 2010</b>	<b>324 441 555</b>	<b>24 552 746</b>	<b>370 717 500</b>	<b>51 629 081</b>	<b>3 702 276</b>	<b>4 594 425</b>	<b>359 578</b>	<b>245 576</b>	<b>21 706 672</b>	<b>2 360 522</b>	<b>804 309 930</b>
Cost	324 441 555	29 171 326	447 612 631	59 078 331	4 437 251	7 372 356	557 211	605 968	39 649 277	7 870 604	920 796 510
Accumulated depreciation – cost	-	4 618 580	76 895 132	7 449 250	734 975	2 777 931	197 633	360 392	17 942 605	5 510 082	116 486 580
Acquisitions	-	-	7 471 286	1 033 342	14 550	253 533	-	17 185	852 772	2 615 778	12 258 445
Capital under construction	-	-	54 651 989	-	-	-	-	-	-	-	54 651 989
Depreciation – based on cost	-	972 841	11 729 593	2 029 825	195 999	492 256	50 583	38 187	2 813 980	1 375 529	19 698 793
Carrying value of disposals	-	-	-	-	25 164	9 087	-	-	-	-	34 251
Cost	-	-	-	-	163 903	220 607	29 056	-	-	-	413 566
Accumulated depreciation	-	-	-	-	138 739	211 520	29 056	-	-	-	379 315
<b>Carrying values at 30 June 2011</b>	<b>324 441 555</b>	<b>23 579 905</b>	<b>421 111 181</b>	<b>50 632 598</b>	<b>3 495 663</b>	<b>4 346 615</b>	<b>308 995</b>	<b>224 574</b>	<b>19 745 464</b>	<b>3 600 770</b>	<b>851 487 320</b>
Cost	324 441 555	29 171 326	509 735 906	60 111 673	4 287 898	7 405 282	528 155	623 153	40 502 049	10 486 382	987 293 379
Accumulated depreciation – cost	-	5 591 421	88 624 725	9 479 075	792 235	3 058 667	219 160	398 579	20 756 585	6 885 612	135 806 058
<b>Reconciliation of Carrying Value</b>											
<b>Carrying values at 1 July 2009</b>	<b>326 583 555</b>	<b>25 525 352</b>	<b>367 151 787</b>	<b>41 322 070</b>	<b>1 116 368</b>	<b>4 582 128</b>	<b>244 030</b>	<b>282 071</b>	<b>23 391 249</b>	<b>3 551 348</b>	<b>793 749 958</b>
Cost	326 583 555	29 171 326	418 721 258	47 356 305	1 835 512	7 364 446	615 082	1 061 690	49 100 469	7 870 604	889 680 247
Accumulated depreciation – cost	-	3 645 974	51 569 471	6 034 235	719 145	2 782 318	371 053	779 618	25 709 220	4 319 256	95 930 289
Acquisitions - Prior year adjustment	(2 142 000)	-	4 776 226	-	2 703 244	626 973	158 239	22 829	3 578 365	-	9 723 876
Capital under construction	-	-	24 198 773	11 756 894	-	-	-	-	-	-	35 955 667
Depreciation – based on cost	-	972 606	25 346 625	1 437 391	115 465	581 620	36 566	53 338	2 713 050	1 190 826	32 447 487
Carrying value of disposals	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	83 626	34 868	101 505	619 064	216 110	478 550	13 029 557	-	14 563 280
Accumulated depreciation	-	-	20 964	22 376	99 634	586 007	209 986	472 565	10 479 665	-	11 891 196
Other movements	-	-	-	-	-	-	-	-	-	-	-
<b>Carrying values at 30 June 2010</b>	<b>324 441 555</b>	<b>24 552 746</b>	<b>370 717 500</b>	<b>51 629 081</b>	<b>3 702 276</b>	<b>4 594 425</b>	<b>359 578</b>	<b>245 576</b>	<b>21 706 672</b>	<b>2 360 522</b>	<b>804 309 930</b>
Cost	324 441 555	29 171 326	447 612 631	59 078 331	4 437 251	7 372 356	557 211	605 968	39 649 277	7 870 604	920 796 510
Accumulated depreciation – cost	-	4 618 580	76 895 132	7 449 250	734 975	2 777 931	197 633	360 392	17 942 605	5 510 082	116 486 580

The municipality engaged the service of independent professional valuer to value municipal roads as at 30 June 2011.

### 31. Change in accounting estimates

During the current year the Municipality assessed the useful life of the assets. The impact as a results of the assessment per category of property, plant and equipment is as follows: Refer to note on usefullife of PPE.

	<b>After assessment Depreciation</b>	<b>Before assessment Depreciation</b>	<b>Difference</b>
Community assets	1 437 391.30	1 903 592.49	466 201.19
Furniture	114 321.25	149 259.13	34 937.88
IT Equipments	581 612.28	1 059 582.12	477 969.84
Kitchen Equipment	2 247.63	2 160.06	(87.57)
Machinery, Pant and Equipment	53 329.77	42 203.22	(11 126.55)
Office equipment	34 274.41	49 030.09	14 755.68
Vehicles	2 713 050.16	3 375 037.46	661 987.30
WIP			-
	<b>4 936 226.80</b>	<b>6 580 864.57</b>	<b>1 644 637.77</b>
	<b>After assessment Accum Depreciation</b>	<b>Before assessment Accum Depreciation</b>	<b>Diference</b>
Community assets	7 449 250.28	9 980 066.46	2 530 816.18
Finance lease	5 510 082.28	5 510 082.28	0.00
Furniture	733 831.44	1 235 783.12	501 951.68
Infrastructure assets	76 895 131.70	76 916 095.85	20 964.15
IT Equipments	2 777 923.57	5 795 200.78	3 017 277.21
Kitchen Equipment	16 226.87	26 601.49	10 374.62
Land and Buildings	4 618 580.02	4 618 580.02	0.00
Machinery, Pant and Equipment	360 383.57	1 013 290.74	652 907.17
Office equipment	181 362.29	528 179.55	346 817.26
Vehicles	17 942 605.11	37 192 046.17	19 249 441.06
WIP	0.00	0.00	0.00
	<b>116 485 377.13</b>	<b>142 815 926.46</b>	<b>26 330 549.33</b>

**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
as at 30 June 2010

External Loans	Loan No.	Redeemable	Balance at 30 June 2008	Interest paid during the period	Received during the period	Redeemed or written off during the period	Balance at 30 June 2009
			R	R	R	R	R
<b>ANNUITY LOANS</b>							
<b>Total Annuity Loans</b>			-	-	-	-	-
<b>Total External Loans</b>			-	-	-	-	-

**APPENDIX B**  
**ANALYSIS OF PROPERTY, PLANT & EQUIPMENT**  
as at 30 June 2010

HISTORICAL COST						ACCUMULATED DEPRECIATION				Carrying Value	Budget Additions 2009		
Opening Balance	Additions/ Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Disposals	Closing Balance					
R	R	R	R	R	R	R	R	R	R				
INFRASTRUCTURE	418 721 258	4 776 226	24 198 773	83 626	447 612 631	51 569 471	25 346 625	20 964	76 895 132	370 717 500	63 410 000		
IRRF	418 721 258	4 776 226	15 577 888	83 626	438 991 746	51 569 471	25 346 625	20 964	76 895 132	362 096 614	48 330 000		
Roads, pavements, bridges & culverts													
Water reservoirs & reticulation			-		-				-	-	-		
Car parks, bus terminals & taxi ranks					-	-	-		-	-	-		
Electricity reticulation						-	-		-	-	-		
Other (town planning & development)			8 620 885		8 620 885				-	8 620 885	15 080 000		
COMMUNITY ASSETS	47 356 305	-	11 756 894	34 868	59 078 331	6 034 235	1 437 391	22 376	7 449 250	51 629 080	27 331 000		
Sports fields	47 356 305		11 756 894	34 868	59 078 331	6 034 235	1 437 391	22 376	7 449 250	51 629 080	19 346 000		
Other (fire services & cemeteries)					-				-	-	7 985 000		
OTHER ASSETS	423 602 684	4 947 650	-	14 444 786	414 105 548	38 326 584	5 663 471	11 847 856	32 142 198	381 963 349	3 706 700		
Other motor vehicles	49 100 469	3 578 365	-	13 029 557	39 649 277	25 709 220	2 713 050	10 479 665	17 942 605	21 706 672			
Plant & equipment	1 061 690	22 829	-	478 550	605 968	779 618	53 338	472 565	360 392	245 576			
Office equipment	579 631	146 414	-	213 717	512 328	354 680	34 311	207 593	181 399	330 928			
Other land & buildings	355 754 881	(2 142 000)	-	-	353 612 881	3 645 974	972 606		4 618 580	348 994 301	130 000		
Other (including IT)	17 106 014	3 342 042	-	722 962	19 725 094	7 837 091	1 890 165	688 034	9 039 222	10 685 872	3 576 700		
	17 106 014			-									
TOTAL	889 680 246	9 723 876	35 955 667	14 563 280	920 796 509	-	95 930 289	32 447 487	11 891 196	116 486 580	-	804 309 929	94 447 700

**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT**  
as at 30 June 2010

										HISTORICAL COST						ACCUMULATED DEPRECIATION						Budget
										Opening Balance	Additions/ Transfers	Under Construction	Disposals	Closing Balance		Opening Balance	Additions/ Transfers	Disposals	Closing Balance	Carrying Value		2009/10
										R	R		R	R		R	R		R	R		R
<b>EXECUTIVE COUNCIL</b>										215 416	-	-	-	215 416		214 002	1 414.00	-	215 416	0		450 000
Executive Council	28	282	283	285	286					215 416	0		0	215 416		214 002	1 414.00	0	215 416	0		450 000
	1																					
<b>FINANCE &amp; ADMINISTRATION</b>										14 228 271	2 846 837	-	413 565	16 661 543		9 615 485	2 048 847.95	379 315	11 285 018	5 376 525		3 126 700
Finance	30		302	305	306					398 523	125879	0	0	524 402		275 842	38 109.00	0	313 951	210 451		2 406 700
Corporate	25	253	254	255	256					13 829 748	2720959		413565	16 137 141		9 339 643	2 010 738.95	379315	10 971 067	5 166 075		720 000
	1																					
<b>PLANNING &amp; DEVELOPMENT</b>										17 225 417	6 696 418	-	-	23 921 835		1 394 256	451 965.46	-	1 846 221	22 075 614		15 080 000
Planning & development	37	372	373	375	376					17 225 417	6696418	0	0	23 921 835		1 394 256	451 965.46	0	1 846 221	22 075 614		15 080 000
	1																					
<b>ROAD TRANSPORT</b>										208 731 511	694 364	39 172 391	-	248 598 266		47 157 449	13 080 303.87	-	60 237 753	188 360 513		48 330 000
Roads & stormwater	22	222	223	225	226					208 731 511	694364	39172391	0	248 598 266		47 157 449	13 080 303.87	0	60 237 753	188 360 513		48 330 000
	1																					
<b>PUBLIC SAFETY</b>										5 500 402	-	-	-	5 500 402		1 653 573	392 004.67	-	2 045 578	3 454 824		1 480 000
Traffic	27	272	273	275	276					5 500 402	0	0	0	5 500 402		1 653 573	392 004.67	0	2 045 578	3 454 824		1 480 000
	1																					
<b>SPORT &amp; RECREATION</b>										50 043 608	765 709	14 942 157	-	65 751 474		5 344 999	1 750 261.94	-	7 095 261	58 656 213		19 346 000
Sport & recreation	33	332	333	335	336					50 043 608	765709	14942157	0	65 751 474		5 344 999	1 750 261.94	0	7 095 261	58 656 213		19 346 000
	1																					
<b>Environmental</b>										22 675 219	1 242 775	-	-	23 917 993		7 027 494	832 112.76	-	7 859 607	16 058 387		6 505 000
Waste	34	342	343	345	346					-	0	0	0	-		-	-	0	-	-		-
Environmental	35	352	353	355	356					22 675 219	1242775	0	0	23 917 993		7 027 494	832 112.76	0	7 859 607	16 058 387		6 505 000
	1																					
<b>Building</b>										358 070 595	-	-	-	358 070 595		5 167 660	1 017 696.90	-	6 185 357	351 885 237		130 000
Land & Building	31	312	313	315	316					358 070 595	0	0	0	358 070 595		5 167 660	1 017 696.90	0	6 185 357	351 885 237		130 000
Building Control	32	326	322	324	325					0	0	0	0	-		-	-	0	-	-		-
	1																					
<b>WATER</b>										2 458 710	12 341	537 441	-	3 008 492		936 178	124 184.59	-	1 060 362	1 948 130		-
Water services	38	382	383	385	386					2 458 710	549782		0	3 008 492		936 178	124 184.59	0	1 060 362	1 948 130		-
	1																					
<b>TOTAL</b>										<b>679 149 148</b>	<b>12 258 444</b>	<b>54 651 989</b>	<b>413 565</b>	<b>745 646 016</b>		<b>78 511 096</b>	<b>19 698 792.14</b>	<b>379 315</b>	<b>97 830 573</b>	<b>647 815 443</b>		<b>94 447 700</b>

**APPENDIX D**  
**DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2011

2010 Actual Income	2010 Actual Expenditure	2010 Surplus/ (Deficit)		2011 Actual Income	2011 Actual Expenditure	2011 Actual Surplus/ (Deficit)
R	R	R		R	R	R
#####	#####	93 952 166	<b>Executive &amp; Council</b>	#####	#####	85 059 240
-	3 495 161	(3 495 161)	Municipal Manager 002	3 296	5 533 914	(5 530 618)
#####	#####	97 447 327	Political services 009	#####	#####	90 589 858
<b>73 422 085</b>	<b>49 483 052</b>	<b>23 939 033</b>	<b>Finance &amp; Admin</b>	<b>81 591 576</b>	<b>51 952 296</b>	<b>29 639 280</b>
71 644 545	28 220 185	43 424 360	Finance 035	68 523 162	26 303 793	42 219 369
1 777 540	21 262 867	(19 485 327)	Corporate Services 003	13 068 414	25 648 503	(12 580 089)
<b>14 603 660</b>	<b>9 072 782</b>	<b>5 530 878</b>	<b>Planning &amp; Development</b>	<b>887</b>	<b>14 471 822</b>	<b>(14 470 936)</b>
14 603 660	9 072 782	5 530 878	Planning & Development 057	887	14 471 822	(14 470 936)
<b>982 929</b>	<b>15 722 582</b>	<b>(14 739 653)</b>	<b>Health</b>	<b>964 698</b>	<b>17 480 318</b>	<b>(16 515 620)</b>
982 929	15 722 582	(14 739 653)	Health Other 041	964 698	17 480 318	(16 515 620)
<b>1 021 710</b>	<b>9 861 602</b>	<b>(8 839 893)</b>	<b>Community Services</b>	<b>348 312</b>	<b>10 978 069</b>	<b>(10 629 757)</b>
1 021 710	9 861 602	(8 839 893)	Horticulture Sport & Recreation 053	348 312	10 978 069	(10 629 757)
<b>161 546</b>	<b>10 051 546</b>	<b>(9 890 000)</b>	<b>Housing</b>	<b>11 570</b>	<b>9 187 231</b>	<b>(9 175 661)</b>
161 546	10 051 546	(9 890 000)	Building Control 055	11 570	9 187 231	(9 175 661)
<b>11 342 591</b>	<b>16 693 261</b>	<b>(5 350 670)</b>	<b>Public Safety</b>	<b>14 046 186</b>	<b>23 529 169</b>	<b>(9 482 984)</b>
11 342 591	16 693 261	(5 350 670)	Fire Services	14 046 186	23 529 169	-
			Protection Services 011			(9 482 984)
			Traffic			-

**APPENDIX D**  
**DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2011

2010 Actual Income	2010 Actual Expenditure	2010 Surplus/ (Deficit)		2011 Actual Income	2011 Actual Expenditure	2011 Actual Surplus/ (Deficit)
R	R	R		R	R	R
35 145	-	35 145	<b>Waste Management</b>	4 525	1 825	2 700
29 464	-	29 464	Sewerage 030	3 510	1 825	1 684
5 682	-	5 682	Refuse Removal 037	1 016		1 016
<b>52 255 700</b>	<b>37 048 505</b>	<b>15 207 195</b>	<b>Roads Transport</b>	<b>60 734 732</b>	<b>93 086 132</b>	<b>(32 351 400)</b>
52 255 700	37 048 505	15 207 195	Roads 040	60 734 732	93 086 132	(32 351 400)
<b>64 988 661</b>	<b>63 799 798</b>	<b>1 188 863</b>	<b>Water</b>	<b>37 612</b>	<b>59 123</b>	<b>(21 512)</b>
64 988 661	63 799 798	1 188 863	Water Distribution 020	37 612	59 123	(21 512)
<b>#####</b>	<b>#####</b>	<b>101 033 065</b>	<b>Total</b>	<b>#####</b>	<b>#####</b>	<b>22 053 350</b>



**THULAMELA MUNICIPALITY**  
**APPENDIX E**  
**STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION**  
**as at 30 June 2011**

Description	Budget	Adjustments (i.t.o s28 & s31 Of The MFMA)	Virement (i.t.o Council Approved By- law)	Final Budget	Actual Income	Unauthorised Expenditure	Variance	Actual Income As % Of Final Budget	Actual Outcome As % Of Original Budget
	Original Budget								
	1	2	3	4	5	6	7	8	9
	R	R	R	R	R	R	R	R	R
<b>Financial Performance</b>									
Property Rates	6 500 000.00	14 065 785.00	-	14 065 785.00	15 630 961.07		(1 565 176.07)	111.13	240.48
Services Charges	23 939 000.00	23 939 000.00	-	23 939 000.00	32 661 487.96		(8 722 487.96)	136.44	136.44
Investment Revenue	1 600 000.00	1 700 000.00	-	1 700 000.00	12 812 819.49		(11 112 819.49)	753.70	800.80
Transfers Recognised-Operational	295 555 499.00	257 629 896.00	-	257 629 896.00	264 569 034.63		(6 939 138.63)	102.69	89.52
Other Own Revenue	73 925 000.00	108 439 342.00	-	108 439 342.00	35 840 719.90		72 598 622.10	33.05	48.48
<b>Total Revenue (Excluding Capital Transfers)</b>	<b>401 519 499.00</b>	<b>405 774 023.00</b>	<b>-</b>	<b>405 774 023.00</b>	<b>361 515 023.05</b>	<b>-</b>	<b>44 258 999.95</b>	<b>1 137.00</b>	<b>1 315.71</b>
Employee Costs	147 312 058.00	168 782 950.00	-	168 783 000.00	104 263 861.84		1 136 794.65	93.68	70.08
Remuneration Of Councillors	24 046 215.00	17 987 863.00	-	17 987 863.00	16 851 068.35		(50 393 041.92)	-	-
Debt Impairment	-	-	-	-	50 393 041.92		(20 527 250.63)	186.84	186.84
Depreciation & Asset Impairment	23 638 000.00	23 637 562.00	-	23 637 562.00	44 164 812.63		(418 164.80)	-	-
Finance Charges	-	-	-	-	418 164.80		5 000 000.00	-	-
Materials & Bulk Purchases	5 000 000.00	5 000 000.00	-	5 000 000.00	-		-	-	-
Transfers & Grant	-	-	-	-	-		-	-	-
Other Expenditure	171 243 226.00	152 318 368.00	8 600 000.00	160 918 368.00	115 075 072.06		45 843 295.94	71.51	67.20
<b>Total Expenditure</b>	<b>371 239 499.00</b>	<b>367 726 743.00</b>	<b>8 600 000.00</b>	<b>376 326 793.00</b>	<b>331 166 021.60</b>	<b>-</b>	<b>(19 358 366.76)</b>	<b>352.03</b>	<b>324.12</b>
<b>Surplus /(Deficit)</b>	<b>30 280 000.00</b>	<b>38 047 280.00</b>	<b>(8 600 000.00)</b>	<b>29 447 230.00</b>	<b>30 349 001.45</b>	<b>-</b>	<b>63 617 366.71</b>	<b>784.97</b>	<b>991.60</b>
Transfers Recognised-Capital	70 964 000.00	70 964 000.00	-	70 964 000.00	-		70 964 000.00	-	-
Contributions Recognised - Capital & Donations	-	-	-	-	-	-	-	-	-
<b>Surplus /(Deficit) After Capital Transfers</b>	<b>101 244 000.00</b>	<b>109 011 280.00</b>	<b>(8 600 000.00)</b>	<b>100 411 230.00</b>	<b>30 349 001.45</b>	<b>-</b>	<b>134 581 366.71</b>	<b>784.97</b>	<b>991.60</b>
Share Of Surplus /(Deficit) Of Associated Entities	-	-	-	-	-	-	-	-	-
<b>Surplus /(Deficit) For The Year</b>	<b>101 244 000.00</b>	<b>109 011 280.00</b>	<b>(8 600 000.00)</b>	<b>100 411 230.00</b>	<b>30 349 001.45</b>	<b>-</b>	<b>134 581 366.71</b>	<b>784.97</b>	<b>991.60</b>
<b>Capital Expenditure &amp; Funds Sources</b>									
<b>Capital Expenditure</b>									
Transfers Recognised - Capital	70 964 000.00	70 964 000.00	-	70 964 000.00	-		70 964 000.00	-	-
Public Contributions & Donations	-	-	-	-	-		-	-	-
Borrowing	-	-	-	-	-		-	-	-
Internally Generated Funds	30 278 000.00	38 047 000.00	(8 600 000.00)	29 447 000.00	-		29 447 000.00	-	-
<b>Total Sources Of Capital Funds</b>	<b>101 242 000.00</b>	<b>109 011 000.00</b>	<b>(8 600 000.00)</b>	<b>100 411 000.00</b>	<b>-</b>	<b>-</b>	<b>100 411 000.00</b>	<b>-</b>	<b>-</b>

**APPENDIX F**  
**ACTUAL CAPITAL VERSUS BUDGET**  
**Acquisition of Property, Plant and Equipment**  
**for the year ended 30 June 2011**

		2011	2011	2011	2011	2011	2011	Explanations of significant variances greater than 10% versus budget
		Actual R	Under Construction R	Total Additions R	Budget R	Variance R	Variance %	
<b>EXECUTIVE &amp; COUNCIL</b>		<b>14 323.20</b>		<b>14 323.20</b>	<b>1 700 000.00</b>	<b>(14 323.20)</b>	<b>(0.84)</b>	
Executive & Council Municipal Manager	009 002	14 323.20 -		14 323.20	- 1 700 000.00	(14 323.20) (1 700 000.00)	#DIV/0!	
<b>FINANCE &amp; ADMINISTRATION</b>		<b>2 552 132.93</b>		<b>2 552 132.93</b>	<b>1 220 000.00</b>	<b>1 332 132.93</b>	<b>109.19</b>	
Finance	035	294 554.64		294 554.64	420 000.00	125 445.36	29.87	
Corporate	003	2 257 578.29		2 257 578.29	800 000.00	(1 457 578.29)	(182.20)	
<b>PLANNING &amp; DEVELOPMENT</b>		<b>1 601 059.00</b>	<b>8 620 885</b>	<b>10 221 944.00</b>	<b>22 405 000.00</b>	<b>12 183 056.00</b>	<b>54.38</b>	
Planning & Development	057	1 601 059.00	8 620 885	10 221 944.00	22 405 000.00	12 183 056.00	54.38	
<b>ROAD TRANSPORT</b>		<b>16 384 788.85</b>	<b>4 776 226</b>	<b>20 354 114.20</b>	<b>44 211 280.00</b>	<b>23 857 165.80</b>	<b>53.96</b>	
Protection	011	806 900.65			4 287 280.00	4 287 280.00	100.00	
Roads & Stormwater	040	15 577 888.20	4 776 226	20 354 114.20	39 924 000.00	19 569 885.80	49.02	

**APPENDIX F**  
**ACTUAL CAPITAL VERSUS BUDGET**  
Acquisition of Property, Plant and Equipment  
for the year ended 30 June 2011

		2011	2011	2011	2011	2011	2011	Explanations of significant variances greater than 5% versus budget
		Actual R	Under Construction R	Total Additions R	Budget R	Variance R	Variance %	
<b>COMMUNITY &amp; SOCIAL SERVICES</b> Cemeteries & Crematoriums								
<b>SPORT &amp; RECREATION</b> Sport & Recreation Horticulture vehicle and others	053	16 528.82	10 115 122	10 131 650.82	21 440 000.00	11 308 349.18	52.74	
		16 528.82	10 115 122	10 131 650.82	21 440 000.00	11 308 349.18	52.74	
<b>WASTE MANAGEMENT</b> Solid Waste	037	2 070 008.40	1 641 772	3 711 780.40	8 155 000.00	4 443 219.60	54.48	
Environmental Health	041	-		-	-	-		
Sewerage and sanitation	030	2 070 008.40	1 641 772	3 711 780.40	8 155 000.00	4 443 219.60	54.48	
		-		-	-	-		
<b>HOUSING</b> Building	055	2 115 303.00		2 115 303.00	1 250 000.00	(865 303.00)	(69.22)	
		2 115 303.00		2 115 303.00	1 250 000.00	(865 303.00)	(69.22)	

**APPENDIX F**  
**ACTUAL CAPITAL VERSUS BUDGET**  
Acquisition of Property, Plant and Equipment  
for the year ended 30 June 2011

		2011	2011	2011	2011	2011	2011	Explanations of significant variances greater than 5% versus budget
		Actual R	Under Construction R	Total Additions R	Budget R	Variance R	Variance %	
<b>WATER</b> Water Services	020	-		-	30 000.00	(30 000.00)	(100.00)	
					30 000.00	(30 000.00)	(100.00)	
<b>TOTAL</b>		24 754 144.20	25 154 005	49 101 248.55	100 411 280.00	51 310 031.45	51.10	